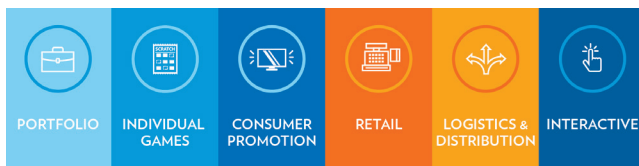# LOTTOMATICA

Setting the Standard for Instant Game Profit Growth

Italy's Gratta e Vinci Scratch and Win program continues to set the standard for instant game success. Its per capita sales of €167 make it the most successful instant game portfolio in the world. Since 2003, sales have grown from €300 million to an impressive €10 billion with revenue expanding from approximately €100 million to more than €1.7 billion in the same period.

The program's success is, in large part, due to the Lottomatica staff's commitment to 360° planning and execution, or what IGT refers to as the Six Pillars of Success. IGT believes a deep understanding of players, a balanced approach to game portfolio planning, and leveraging retail tools and technology are critical to sustainable revenue growth. From insights to innovation, the company has identified the following six fundamental factors that drive lottery revenue.

PORTFOLIO	INDIVIDUAL GAMES	CONSUMER PROMOTION	RETAIL	LOGISTICS & DISTRIBUTION	INTERACTIVE

When lotteries holistically leverage each of the Six Pillars of Success, as Lottomatica does, synergies develop and growth accelerates. An integrated approach to strategic planning maximizes each stage of the supply chain that will produce responsible growth and sustainable profitability.

Insight-Driven Product Planning

Even with this dramatic growth, Lottomatica has not stopped innovating its portfolio of 35 tickets that range in price point from €1 to €20. Recently, the Gratta e Vinci product team was inspired by the insights from local player research that showed infrequent players wanted a longer, more engaging experience, as well as best practices from lotteries within the U.S. that had successfully grown their portfolios with extended-play games. Bringing new, longer-playing games to market was extremely challenging because medium to light players who seek a more engaging experience had historically avoided concepts, such as Crossword, that seemed overly-complicated.

The first of the new games to launch was Battaglia Navale. The battleship-style game sold for €5 and featured an innovative play style that asked players to uncover shapes of ships based upon a set of corresponding numbers for a top prize of €500 million. Player reaction was strong with sales exceeding Crossword by 175%.

Lottomatica followed up with the introduction of Buon Viaggio. The 5€ ticket launched in June 2016 with a symbols-match play style. The mechanics allow the player to discover the symbols under the globe and then scratch the corresponding symbols in the four games. The player must collect all three of the symbols within a game to win the prize. Point of Sale (POS) merchandising used the bright colors and whimsical symbols of the game to create a distinctive, visible presence in stores. The unique mechanics as well as the marketing efforts brought in new players with an index of 178 over the previous Crossword game.

Powering a Digital Gateway to Improve the Retailer and Consumer Experience

Improving the retailer and player experience is the cornerstone of a successful lottery business and a critical part of the Six Pillar approach. Lottomatica demonstrated a commitment to optimizing this experience by providing state-of-the-art technologies that enable the retailer network to optimize its product inventory, merchandising, and focus on overall sales. Given the size, scale, and fragmentation of the Lottomatica business, this challenge was even more considerable. With 100,000 POS covering seven commercial retail channels and five business categories that include lotto, instant tickets, sports betting, gaming machines, and commercial services, managing the day-to-day relationship with this trade network is a complex operation.

To improve the relationship with its retail network and ultimately, the players, Lottomatica set out on a project to develop a revolutionary web portal. This portal was designed to improve the relationship management capabilities with the retail network by providing a brand new digital tool enabling retailers to more efficiently manage their lottery business. By providing retailers with a common set of tools through a user-friendly web portal, all retailers are better able to focus on delivering an improved consumer experience and

offering an optimal mix of products in their stores. The introduction of the portal also supports the long-term strategy to migrate retailers from physical to digital communication tools to better manage a multi-channel approach to meet the players' needs and enhance the in-store consumer experience.

Turning Retail Vision into Reality

To achieve these goals, the portal needed to incorporate all of the functionality to enable this improved experience: web data also available via the live chat, Customer Relationship Management (CRM), performance tracking tools, self-payment process, e-learning, e-commerce, e-billing, and more. One important feature was the ability to offer a mobile app that contained all of the same information available through the portal to make it as easy as possible for retailers to access the data analytics, insights, and other information important for driving their business.

In addition to enhancing the relationship with retailers by providing tools to more effectively manage their lottery sales, Lottomatica

Lottomatica's Trade Web Portal improves communication with retailers and led to increased instant ticket sales.

promoted the evolution of a Business-to-Business (B2B) web portal that is crucial for optimizing internal processes to create a more efficient back-office program for retailers. For instance, retailers can check online for their administrative status, including reconciling pending payments and planning their next instant ticket orders. This ability allows retailers to focus on what they need to do to maximize profitability of their business by carrying the proper inventory to efficiently sell lottery tickets.

The key objectives of the project:

1. Dramatically improve and enhance the current relationship with the entire retail trade.

2. Provide the best service level at the POS and accelerate adoption of the web portal penetration to continuously simplify the day-to-day job of the retailers.

3. Provide digital tools that simplify the retail experience and reduce contact and communication costs for Lottomatica.

4. Enhance the loyalty of our retail network POS.

5. Support the instant lottery business by providing the network with a new digital portal to independently order inventory.
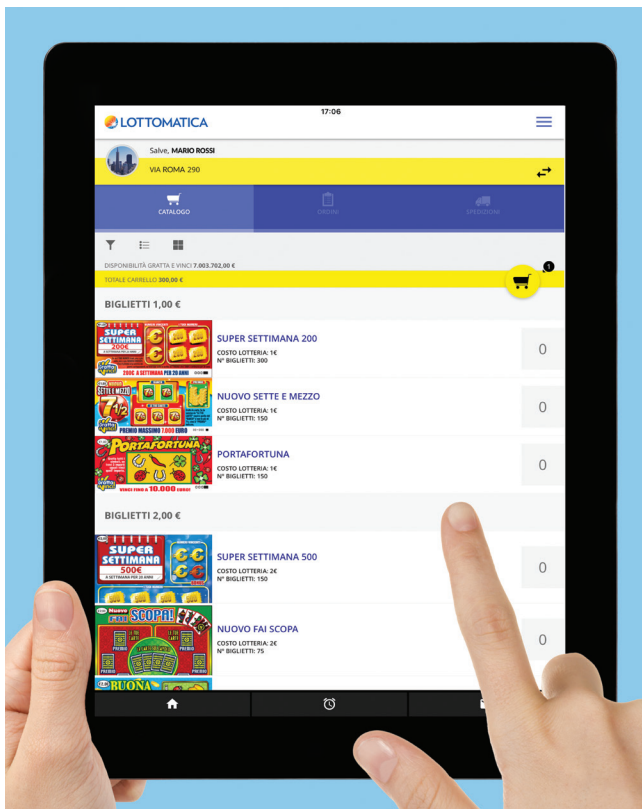
Impressive Results

The new Trade Web Portal is one of the most innovative and challenging projects that Lottomatica has deployed. It is the first experience of a B2B portal enabling a 100,000 retail POS network to easily and independently order instant lottery tickets. This enables retailers to carry the optimal inventory for their specific stores to maximize sales and ultimately provide the optimal mix of instant products to consumers.

Overall, the most important goals achieved were a significant improvement and enhancement of the current relationship with the Italian trade network, a relevant cost reduction associated with managing the retailer network and corresponding communication activities, and the introduction of a new digital channel to order Scratch and Win for the POS. Since the B2B portal was introduced two years ago, nearly 35% of sales are conducted through this channel.

Lottomatica continues to lead the way in providing innovative tools that support continued growth of lottery sales, enhance the experience for retailers, and optimize the product inventory at retail. The migration to digital tools enhances the multi-channel approach to delivering on a modern consumer experience for lottery players.

This is the fourth in a series of real-world stories on how our Six Pillars of Success approach has attracted new players and improved bottom line profits. To learn more about the Six Pillar approach, visit IGT.com/sixpillars.